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Author:

Title:

How to organize a
national bank under...

Place:

Philadelphia

Date:

1863

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MASTER NEGATIVE #

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Cooke, Jay, & Co.

How to organize a national bank under Secretary Chase's bill. Comp. and presented by Jay Cooke & Co., Bankers. Philadelphia, Ringwalt & Brown, Steam-power Book and Job Printers, 1863.
36 p.

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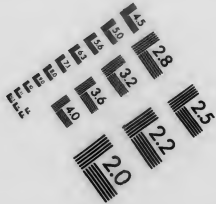
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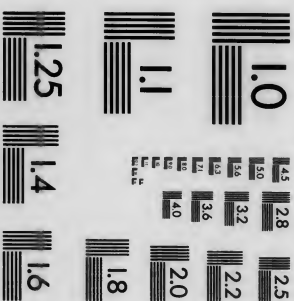
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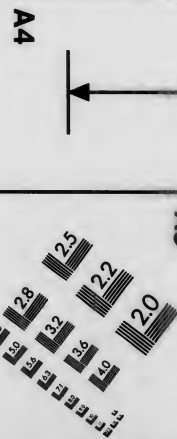
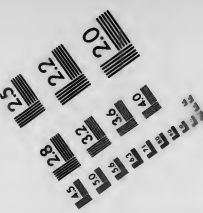
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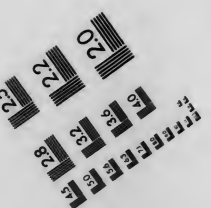
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Cooke, Jay & Co.

How to organize a national bank under
Secretary Chase's bill.

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HOW

TO

ORGANIZE A NATIONAL BANK

UNDER

SECRETARY CHASE'S BILL.

COMPILED AND PRESENTED BY

JAY COOKE & CO., BANKERS,

143 South Third St., PHILADELPHIA, and
452 Fifteenth Street, WASHINGTON, D. C.



PHILADELPHIA:

BENJAMIN WALT & BROWN, STEAM-POWER BOOK AND JOB PRINTERS,
Nos. 111 and 113 South Fourth Street.

1863.

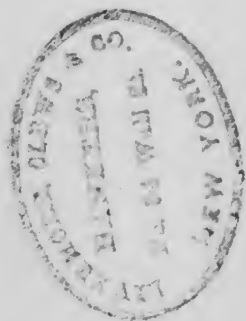
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Synopsis of Proceedings

Necessary to Organize a Bank under the act to provide a National Currency, secured by a pledge of United States Stocks, and to provide for the circulation and redemption thereof. Approved February 25, 1863.

First. Select as associates, not less than five men, of undoubted integrity and responsibility.

Second. Procure subscriptions to the amount of proposed capital, which must not be less than fifty thousand dollars in any locality; but in any town or city where the population is over ten thousand, it must not be less than one hundred thousand dollars.

Third. Make out your "Certificate of Organization" and "Articles of Association," to be forwarded to "**Hon. Hugh McCulloch**," the "Comptroller of the Currency," at Washington.

The Certificate of Organization must be acknowledged before a Judge of some Court of Record or a Notary Public, by all the stockholders, not less in number than five, and the acknowledgment thereof certified under the seal of such Court or Notary, and it must be executed by the parties under seal.

The Certificate of Organization requires a five cent stamp, and the Articles of Association a five cent stamp for each sheet of paper used.

The Articles of Association may provide for any increase of capital deemed expedient, subject to the limitations of the Act. Forms of these two papers will be found annexed, marked "A" and "B."

When the foregoing forms have been complied with, the "Certificate" and a certified copy of the Articles of Association can be forwarded to the "Comptroller of the Currency," which will secure the right of title of First, Second or Third, etc., etc., National Bank, according to priority of application, in the place where the Bank is to be located; after which the following proceedings will be necessary to perfect the Organization:

Fourth. Elect not less than five, nor more than nine Directors, on the day named for the election in the Articles of Association, and have them sworn. Every oath requires a five cent stamp.

A form of oath is hereto annexed, marked "C."

Fifth. Have the officers appointed by the Board of Directors, as specified in the Articles of Association.

Sixth. Call in or collect at least thirty per cent. of the subscriptions to the Capital Stock.

Seventh. Adopt By-Laws for the government of the Association.

Eighth. Deposit with the Treasurer of the United States, Registered or Coupon interest-bearing Bonds of the United States, to an amount not less than one-third of the capital stock paid in. On the certificate of each bond (coupon or registered) to be deposited with the Treasurer, as the basis of the National Currency to be issued thereon, there must be written or printed, to be signed by the President or Cashier of the Association depositing the same, substantially the following words: "This bond is deposited with the Treasurer of the United States, by the (here insert the No.) National Bank at (here insert the name of the place) in trust for the said Bank, and to secure the redemption and payment of the circulating notes delivered to said bank under the act of Congress, entitled 'An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof, approved February 25th, 1863.'"

When registered bonds are deposited, they must be issued to the Treasurer of the United States, in trust for the Bank depositing the same.

It is desirable that no bonds of a less denomination than one thousand dollars should be offered for deposit.

Ninth. Forward to the Comptroller of the Currency a copy of the oath of Directors, marked "C," together with a certificate signed by the Officers and Directors, notifying him that at least thirty per cent. of its capital has been paid in, that the Association has complied with all the provisions of the Act as required, and is desirous of commencing business. A form of this certificate is annexed, marked "D." This being done, the Comptroller will (after examination of the condition of the Association) grant

his certificate, showing that the Association has complied with all the provisions of the Act, and is entitled to commence the business of banking under it; when it shall be the duty of the Association to publish said Certificate in some newspaper of the county for at least sixty days; and immediately on its publication, it will be authorized to commence business as a National Bank.

The Bank should at once adopt a form of seal, and forward a certified copy of the impression of said seal to the Comptroller.

After Banks shall have commenced business, they will have certain duties to perform under the Act, and the following brief explanations of various sections will be found convenient:

It is presumed, however, that every bank will have its own legal adviser, to consult with in reference to any portion of the Act, which may not be here satisfactorily explained.

It will be the duty of all banks under the *Seventh Section* of the Act, who have paid in but thirty per cent. of their capital at the time of commencement of business, to collect in at least ten per cent. of the remaining capital every two months, until the whole is paid in. And if any shareholder or his assignee shall fail to pay such instalments, as they may be called in, the *Eighth Section* provides that his stock shall be sold at public auction, as provided in said section, and if not sold as specified therein, the stock shall be forfeited to the Bank.

Section 11. Provides that the by-laws of the bank must be approved by the Comptroller, and stipulates what banking privileges are conferred under the Act, and that the business of the bank must be conducted at the place specified in the Certificate of Association, and not elsewhere; and also seems to require that the Articles of Association should limit or fix the time for which the association is to continue.

Section 12. Provides for the transfer of stock as may be prescribed in the By-Laws or Articles of Association; secures the rights of creditors, who may become such by the transfer of stock, and further provides that all shareholders shall be liable for the debts of the Association to the amount of their shares at their par value, in addition to the amount invested in such shares; or, in other words, to double the amount of their stock. This is one of the best features of the law, as it is an additional security

to the note holder against loss in any contingency, and all stockholders being thus liable, will have a direct personal interest in seeing that the affairs and management of the Bank are entrusted to none but the most capable, honest and responsible officers.

Section 13. Provides for the increase of Capital, (if specified in the Articles of Association) but such increase shall not be valid until the whole amount of such increase has been paid in, and the Comptroller notified thereof.

This increase may be made (if desired) before the full amount of instalments of the original capital shall be paid in, provided said increase shall be paid in full, and provided, also, that such instalments shall be punctually paid within the time specified in the seventh section of the Act.

Section 14. Provides that the Bank may hold the following real estate: 1st. Such as may be necessary for its accommodation in the transaction of its business; 2d. Such as shall be mortgaged to it in good faith, for loans or money due; 3d. Such as shall be conveyed in satisfaction of its debts; 4th. Such as it shall purchase under judgments, decrees, or mortgages held by the Bank; but in no other case, and for no other purpose, shall it purchase or hold real estate.

Section 16. Provides that the Bank shall receive from the Comptroller circulating notes of different denominations, equal to ninety per centum of the current market value of United States six per cent. bonds, transferred and delivered to the Treasurer, but not exceeding the par value thereof; and no Bank shall receive a larger amount of circulating notes, than the actual amount of its capital paid in.

These notes will be supplied to the Banks in the order in which they are organized; that is "first come, first served."

Section 17. Limits the entire circulation to \$300,000,000, and apports it amongst the different States, &c.

Section 18. Provides that the circulating notes under this act shall be supplied to the banks by the Comptroller in denominations of 5, 10, 20, 50, 100, 500 and 1000 dollars as may be required by the Banks; these notes to specify that they are secured by the United States bonds, and to express upon their face the promise of the Bank, to pay them on demand at its place of business, attested by the signature of the President or Vice President and

Cashier. After these conditions are complied with, the Bank is then authorized under the 20th *Section* to pay out and circulate these notes as money, and by the same section of the Act, they are to "be received at par in all parts of the United States in payment of taxes, excises, public lands and all other dues to the United States, except for duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations, within the United States, except interest on public debt; and no such association shall issue post notes, or any other notes to circulate as money, than such as are authorized by the foregoing provisions of this Act."

Sections 21, 22 and 23. Provide the mode and manner in which bonds deposited with the Treasurer under this Act, may be transferred back to the Bank or to other parties; but no such transfer can be made, unless sanctioned by the request of the Comptroller of the Currency, or the order thereof upon the Treasurer.

All possible guards and protection are provided against loss to the Banks of these bonds by fraud or otherwise, while they are in possession of the Government as security, and the Banks not only have the privilege, but it is made their duty by the 23d *Section*, to examine their bonds deposited with the Treasurer, once or oftener every year, and compare the bonds so pledged, with the books of the Department.

Section 24. Provides that every Bank shall make a quarterly report to the Comptroller, of the condition and business of the Bank; and in addition to this quarterly report, every Bank in Boston, Providence, New York, Philadelphia, Baltimore, Cincinnati, Chicago, St. Louis and New Orleans, shall publish monthly reports of the condition of their Banks, in respect to the following items: Average amounts of loans and discounts, specie, deposits and circulation; and each Bank is also to publish quarterly reports as prescribed in this section.

Section 25. Provides the remedy, in case any Bank shall fail to redeem its circulating notes on presentation.

Section 29. Provides rules and regulations for the winding up of all suspended Banks.

Section 30. Provides that all bonds deposited with the Treasurer, shall be held exclusively as security for its circulating notes, and that the Comptroller shall give to each solvent Bank, a power

of attorney to draw the interest on its bonds thus held as security so long as the Bank shall continue to redeem its notes; and the Comptroller shall return to any Bank, any of said bonds in sums not less than one thousand dollars, upon the surrender to him, and cancellation of a proportionate amount of circulating notes; provided that 90 per centum of the market value of the remaining bonds, shall at all times be equal to the amount of all the circulating notes retained by the Bank.

The payment of interest on said bonds is suspended by the *thirty-first section*, until the accumulated interest, when added to the market value of the bonds, shall equal the amount for which said bonds were pledged; and the Comptroller shall every three months invest the sums so retained in bonds of the United States, in trust for the banks interested; and when the price in New York of such depreciated bonds shall rise to the value at which they were pledged, and so remain for four consecutive weeks, the investment shall be assigned to each Bank.

Section 32. Provides for the return and destruction of worn out or mutilated notes, and receiving in their place new circulating notes of an equal amount.

Under *Section 34*, the Banks are liable for all expenses of protesting their circulating notes, expenses of preliminary or other examinations, and all expenses of any receivership; none of which expenses can be paid from the bonds deposited by such Banks.

Section 35. Provides that the stockholders, collectively, of any Bank shall at no time be liable to such Bank, either as debtor or sureties, or both, to an amount more than three-fifths of the stock actually paid in, and undiminished by losses or otherwise; nor shall the Directors be so liable, except to such an amount, and in such manner, as shall be prescribed by the By-Laws.

Section 36. Provides that the shares of stock shall be one hundred dollars each, and no shareholder shall have power to sell or transfer his stock so long as he is liable as debtor, surety or otherwise to the Bank for any debt due and unpaid: nor shall he receive any dividend, interest or profit, on such shares, so long as such liability continues; but all such profits shall be applied to the liquidation of the debt; and no stock shall be transferred without the consent of a majority of the Directors, while the holder is indebted to the Bank.

Section 37. Provides that no Bank shall loan money on its own stock, but shall require the same security for loans to its stockholders, that it would from other persons; and no Bank shall hold or purchase any of its own stock, or the stock of any other incorporated company, unless such purchase shall be necessary to prevent loss upon debt, previously contracted on other security; and stock so purchased or acquired cannot be held longer than six months, if the same can be sold within that time for cost.

Section 38. In all elections, and at all meetings of stockholders, each share shall be entitled to one vote, and shareholders may vote by proxy; but no officer of the Bank can act as proxy, and no stockholder whose liability is past due can vote.

Section 39. Provides for not less than five, nor more than nine Directors, one of whom shall be President; each must be a citizen of the United States, and resident of the State; and three-fourths of them must have resided in the State one year previous to their election; and each Director must own in his own right, at least one per cent. of the capital stock, not exceeding \$200,000, and the half of one per cent., if over \$200,000 capital. Each Director must be sworn as directed in this section, and the oath immediately transmitted to the Comptroller.

Section 40. Provides for the election of Directors in January of each year after the first election, and the mode of filling vacancies, etc., etc.

Section 41. Provides that every Bank shall keep on hand, at all times, in lawful money of the United States, at least twenty-five per cent. of its notes of circulation and deposits, and if at any time it falls below this, the Bank is precluded from increasing its liabilities by making new loans or discounts, except purchasing bills of exchange, payable at sight; and it shall declare no dividends until the condition of the Bank shall correspond with the above provision.

Clearing House certificates, representing specie specially deposited, by Banks belonging to such Clearing House, shall be deemed lawful money under this provision for Banks owning the same, and any balance due Banks organized under this act, located in other places, from any Banks in Boston, Providence, New York, Philadelphia, Baltimore, Cincinnati, Chicago, St. Louis, or New Orleans in good credit, subject to be

drawn for at sight in lawful money, shall be deemed a part (to the extent of three-fifths) of the lawful money required to be held under this provision by Banks in any place, except the cities above mentioned.

And if any Bank shall fail to make good its reserve of lawful money for thirty days after notice from the Comptroller, a receiver shall be appointed to wind up its business.

Section 42. Limits the entire indebtedness of a Bank to the amount of its capital stock actually paid in, and undiminished by losses, except on the following accounts: First, on account of its notes of circulation; second, on account of moneys deposited with, or collected by, such associations; third, on account of bills of exchange, or drafts drawn against money actually on deposit to the credit of such association, or due thereto; fourth, on account of liabilities to its stockholders, for money paid in on capital stock, and dividends thereon, and reserved profits.

Section 43. Prohibits any Bank from pledging, or hypothecating any of its notes of circulation, for any purpose.

Section 44. Prohibits any Bank from impairing, or withdrawing any of its capital, by loans to stockholders for a longer time than six months, or in any other manner whatever; and no dividend shall be made if the losses at any time shall equal the undivided profits on hand; and no dividend shall ever be made to an amount greater than its net profits on hand after deducting all losses and bad debts.

Section 45. Specifies May and November as the periods for semi-annual dividends, and provides that on each dividend day the cashier shall make under oath, and transmit to the Comptroller of the Currency, a full, clear and accurate statement of the condition of the Bank as it shall be on that day, after declaring the dividend. Full account of the particulars required in this statement will be found in this section.

Section 46. Provides that Banks will charge only such interest as shall for the time be the established rate in the State where the Bank is located; and such interest may be reserved or taken in advance, according to the usual rules of banking; and a violation of this section forfeits the debt on which excess of interest is taken. But the Bank may purchase, discount, or sell bills of exchange at the current discount or premium.

Section 47. Provides that no person, company or firm, (including the several members thereof,) shall become indebted to the Bank as borrower, to the amount exceeding one-tenth of its capital paid in, and as borrower and on bills of exchange, not exceeding one-fifth of its capital, and as borrower on bills of exchange and acceptor, not exceeding one-third of its capital paid in.

Section 48. Prohibits the Bank from paying out or circulating in any manner the notes of any other Bank or association, which it will not receive at par itself, on deposit, or in payment of debts due the Bank; and it shall not pay out, or circulate the notes of any Bank, which at the time is not redeeming its notes in lawful money of the United States.

Section 49. Provides that transfer of the assets of a Bank, of any kind, and all payments of money, to either shareholder or creditor, made after the commission of an act of insolvency, or in contemplation thereof with a view to prevent the application of its assets as provided in the Act, or with a view to the preference of one creditor over another, except in the payment of its circulating notes, shall be utterly null and void.

Section 50. Provides that if the Directors of the Bank shall knowingly violate, or permit any of its officers to violate, any of the provisions of the Act, all the rights, privileges, and franchises of the Bank are forfeited; and every Director engaged in, or assenting to such violation, to be held liable in his personal and individual capacity, for all damages which the Bank or any person may sustain by such violation.

Section 51. Authorizes the Comptroller of the Currency, with the approbation of the Secretary of the Treasury, to examine the affairs of any Bank as often as he shall deem necessary, by an Agent to be appointed, and the Bank to pay the expenses specified in this section.

Section 52. Specifies what punishment shall be inflicted on officers, Directors, or agents, for certain misdemeanors, therein enumerated.

Section 53. Provides that a full and correct list of the stockholders shall always be kept in the Bank, subject to the inspection of the shareholders and creditors; and a certified copy transmitted to the Comptroller at the beginning of every year, commencing on the first day of the first quarter of the organization.

Section 54. Authorizes the Secretary of the Treasury to make Banks under this Act, depositaries of the public money whenever he may deem it proper.

Sections 55 & 59. Relate to suits and proceedings in Court, arising out of this act.

Section 56. Imposes a penalty of fifty dollars, for wilfully mutilating any bank bill, draft, or evidence of debt, issued by any of the Banks under this Act.

Sections 57 & 58. Relate to forgery; its penalty, &c.

Section 60. Defines the duty of the Comptroller, in reference to his Annual Report to Congress.

Sections 61, 62, 63, 64. Relate to State Banks already organized, and the mode and manner in which they may avail themselves of certain benefits in this Act.

Taxation.

The following Extract from Section Seven of the law to provide ways and means for the support of the Government, approved March 3d, 1863, are substituted in *lieu* of so much of Section 19 of the National Banking Law as relates to the Tax on National Banks :

Section 7. And be it further enacted, That all banks, associations, corporations, or individuals, issuing notes or bills, for circulation, as currency, shall be subject to and pay a duty, of one per centum each half year, from and after April 1st, 1863, upon the average amount of circulation of notes, or bills, as currency, issued beyond the amount hereinafter named—That is to say, banks, associations, corporations or individuals having a capital of not over one hundred thousand dollars, ninety per centum thereof; over one hundred thousand and not over two hundred thousand dollars, eighty per centum thereof; over two hundred thousand and not over three hundred thousand dollars, seventy per centum thereof; over three hundred thousand and not over five hundred thousand dollars, sixty per centum thereof; over five hundred thousand and not over one million of dollars, fifty per centum thereof; over one million and not over one million and a half of dollars, forty per centum thereof; over one million and a half and not over two millions of dollars, thirty per centum thereof; over two millions of dollars, twenty-five per centum thereof.” In the case of banks with branches, the duty herein provided for, shall be imposed upon the circulation of the notes or bills of such branches severally, and not upon the aggregate circulation of all; and the amount of capital of each branch shall be considered to be the amount allotted to, or used by such branch, and all such banks, associations, corporations and individuals, shall also be subject to, and pay a duty of one half of one per centum, each half year, from and after April first, eighteen hundred and sixty three, upon the average amount of notes or bills not otherwise herein taxed and outstanding as currency, during the six months next preceding the return herein—

after provided for; and the rates of tax or duty imposed on the circulation of associations, which may be organized under the Act "to provide a National Currency, secured by a pledge of United States Stocks, and to provide for the circulation and redemption thereof;" approved February twenty fifth, eighteen hundred and sixty three, shall be the same as that hereby imposed on the circulation and deposits of all banks, associations, corporations, or individuals, but shall be assessed and collected as required by said Act.

NOTE.—The Taxation on circulation of National Banks is not collected separately as in other cases, but is withheld or deducted from the interest accruing on bonds deposited for circulation.

As a practical illustration, there is given below an exact copy of the papers used in organizing the First National Bank in the District of Columbia, H. D. COOKE, President, and Wm. S. HUNTINGTON, Cashier. This bank is now in full operation in Washington, and prepared to attend to any business forwarded by National Banks in other parts of the country.

A

[COPY.]

Organisation Certificate

Of the First National Bank of Washington, D. C.

[Five cent stamp.]

WASHINGTON, D. C., July 15, 1863.

WE, whose names are specified in article fourth of this Certificate, have associated ourselves for the purpose of transacting the business of Banking, under the act of Congress entitled "An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863.

First. The name and title of this Association shall be the FIRST NATIONAL BANK OF WASHINGTON.

Second. The said Association shall be located in the City of Washington, county of Washington, and District of Columbia, where its operations of discount and deposit are to be carried on.

Third. The capital stock of said Association shall be Five Hundred Thousand Dollars, (\$500,000) and the same shall be divided into five thousand shares of one hundred dollars each.

Fourth. The name and residence of each of the shareholders of this Association, with the number of shares held by each, are as follows :

| NAME. | RESIDENCE. | NO. OF SHARES. |
|--------------------|-------------------|----------------|
| H. D. COOKE, | Washington, D. C. | 950 |
| H. C. FAHNESTOCK, | Washington, D. C. | 900 |
| WM. S. HUNTINGTON, | Washington, D. C. | 25 |
| B. B. FRENCH, | Washington, D. C. | 25 |
| J. A. WILLS, | Washington, D. C. | 100 |
| WM. G. MOORHEAD, | Philadelphia, Pa. | 1000 |
| JAY COOKE, | Philadelphia, Pa. | 2000 |

Fifth. Said Association shall commence on the fifteenth day of July, 1863.

Sixth. This Certificate is made in order that we may avail ourselves of the advantages of the aforesaid Act.

Witness our hands and seals, this fifteenth day of July, 1863.

| | | | |
|--------------------|--------|--------------------|--------|
| H. D. COOKE, | [Seal] | B. B. FRENCH, | [Seal] |
| H. C. FAHNESTOCK, | " | JOHN A. WILLS, | " |
| WM. S. HUNTINGTON, | " | JAY COOKE, per his | |
| WM. G. MOORHEAD, | " | Att'y H. D. COOKE, | " |

DISTRICT OF COLUMBIA, }
County of Washington, } ss.

On this the fifteenth day of July, A. D. 1863, personally came before me, H. D. Cooke, H. C. Fahnestock, Wm. S. Huntington, B. B. French, Wm. G. Moorhead, and Jay Cooke, by his attorney, H. D. Cooke, to me well known, who severally acknowledged that they executed the foregoing instrument for the purposes therein mentioned.

Witness my hand and seal of office, the day and
[Notary Seal] year aforesaid.

N. CALLAN,

[Five cent stamp.]

Notary Public.

[COPY.]

Articles of Association

Of the First National Bank of Washington, D. C.

[Five cent Revenue Stamp.]

ARTICLES OF ASSOCIATION,

Entered into by and between the undersigned, for the purpose of organizing a Banking Association, to carry on the business of Banking, under the Act of Congress entitled "An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863.

1st. The name and title of this Association shall be the FIRST NATIONAL BANK OF WASHINGTON.

2d. The place of business of this Association shall be at Washington, in the county of Washington, and District of Columbia.

3d. The Board of Directors of this Association shall consist of the following stockholders:—H. D. Cooke, H. C. Fahnestock, Wm. S. Huntington, B. B. French, and John A. Wills.

4th. The regular annual meetings of the stockholders for the election of Directors shall be on the second Tuesday of January of each year; but if for any cause an election shall not be held on that day, it may be held on some other day, according to the provisions of the fortieth section of the Act.

5th. The capital stock of this Association shall be Five Hundred Thousand Dollars; but the same may be, from time to time, increased, subject to the limitations of the Act of Congress above referred to; and in such increase of capital each stockholder shall have the privilege of subscribing for such number of shares of the proposed increase of stock as he may be entitled to, according to the number of shares owned by him before the increase is made.

The shares of stock shall be one hundred dollars each.

6th. The Board of Directors (two-thirds of whom shall be a quorum to do business) shall elect one of their number to be President, who shall hold his office (unless he should become disqualified, or be sooner removed by a two-thirds' vote of all the

members of the board) for the term for which he was elected a Director; and they shall have power to appoint a Cashier, and such other officers and clerks as may be required to transact the business of the Association; to fix the salaries to be paid to them, and to define their respective duties; and to continue them in office or to dismiss them, as, in the opinion of a majority of the board, the interest of the Association may demand.

The Board of Directors shall by their By-Laws specify by what officers of the Association, or committee of the board, the regular banking business of the Association shall be transacted; but no loan on real or personal security shall be made without the consent thereto by a majority of the Directors.

The Board of Directors shall also have power to require bonds from the officers of the Association, and to fix the penalty thereof; to regulate the manner in which elections of Directors shall be held, and to appoint judges of the elections; to provide for an increase of the capital stock of this Association, and the manner in which the increase shall be made; to make all By-Laws that may be required to regulate the business of the Association, and generally to do and perform all acts which are proper to be done by a Board of Directors, which are not inconsistent with these Articles of Association, and subject to the limitations and restrictions of the Act of Congress under which this Association is organized.

7th. This Association shall continue until the 25th day of February, 1883, unless sooner dissolved by the act of a majority of the stockholders thereof.

8th. These Articles of Association may be changed or amended at any time by a vote of stockholders owning a majority of the stock of the Association, and any three stockholders may call a meeting of the stockholders for this purpose.

WASHINGTON, D. C., July 15th, 1863.

[Copy.]

| | | | |
|--------------------|--------|--------------------------|--------|
| H. D. COOKE, | [Seal] | B. B. FRENCH, | [Seal] |
| H. C. FAHNESTOCK, | " | JOHN A. WILLS, | " |
| WM. G. MOORHEAD, | " | JAY COOKE, per his | |
| WM. S. HUNTINGTON, | " | attorney, H. D. COOKE, " | |

[COPY.]

C

Affirmations.

DISTRICT OF COLUMBIA, }
County of Washington. } ss.

We, the undersigned, Directors of the First National Bank of Washington, of the District of Columbia, do each of us solemnly swear that we are citizens of the United States, and residents of the City of Washington, and District of Columbia, and that we will severally, as far as the duty devolves on us, diligently and honestly administer the affairs of this Bank, and that we will not knowingly violate, or willingly permit to be violated, any of the provisions of the Act under which this Bank is organized, and that each of us is the *bona fide* owner, in his own right, of the stock standing in his name on the books of the Bank, and that the same is not hypothecated, or in any way pledged as security for any loan obtained or debt owing to this Bank, of which we are severally Directors.

HENRY D. COOKE,
H. C. FAHNESTOCK,

WM. S. HUNTINGTON,
B. B. FRENCH,
JOHN A. WILLS.

Subscribed and sworn to this 16th day of July, before the undersigned, a Notary Public of said county.

[Notary Seal.]

N. CALLAN,

[Five cent stamp.]

Notary Public.

D

[Five cent stamp.]

The undersigned, H. D. Cooke, President, and William S. Huntington, Cashier, and H. D. Cooke, H. C. Fahnestock, Wm. S. Huntington, B. B. French and J. A. Wills, Directors of the First National Bank of Washington, D. C., organized under the Act of

Congress entitled "An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863, do hereby certify:

That One Hundred and Fifty Thousand Dollars have been paid into said Bank on account of its capital stock, as permanent capital; that the residence of each Director, and the amount of stock of which each Director is the *bona fide* owner, are as follows:

| NAME OF DIRECTOR. | PLACE OF RESIDENCE. | SHARES OF STOCK. |
|--------------------|---------------------|------------------|
| H. D. COOKE, | Washington, | 950 |
| H. C. FAHNESTOCK, | " | 900 |
| WM. S. HUNTINGTON, | " | 25 |
| B. B. FRENCH, | " | 25 |
| JOHN A. WILLS, | " | 100 |

And that this Bank has in good faith complied with all the requirements of said Act to entitle it to engage in the business of banking.

| | |
|-----------------------------|--------------|
| H. D. COOKE, President. | |
| WM. S. HUNTINGTON, Cashier. | |
| H. D. COOKE, | } Directors. |
| H. C. FAHNESTOCK, | |
| B. B. FRENCH, | |
| JOHN A. WILLS, | |
| WM. S. HUNTINGTON, | |

DISTRICT OF COLUMBIA, }
County of Washington. }

On this sixteenth day of July, 1863, personally appeared before the undersigned, of said county, H. D. Cooke, President, Wm. S. Huntington, Cashier, and H. D. Cooke, H. C. Fahnestock, Wm. S. Huntington, B. B. French, and John A. Wills, Directors of the First National Bank of Washington, D. C., and made oath that the foregoing certificate, and the matters and things therein set forth, are true, to the best of their knowledge and belief.

Subscribed and sworn to before me, Nich'l Callan, this 16th day of July, 1863.

N. CALLAN,

[Notary Seal.]

Notary Public.

[Five cent stamp.]

MEMORANDUM.—The oaths of a majority of the Directors of an Association are sufficient.

E

TREASURY DEPARTMENT,
Office of Comptroller of the Currency,
Washington, July 16, 1863.

WHEREAS, by satisfactory evidence presented to the undersigned, it has been made to appear that the FIRST NATIONAL BANK OF WASHINGTON, IN THE COUNTY OF WASHINGTON, AND DISTRICT OF COLUMBIA, has been duly organized under and according to the requirements of the Act of Congress entitled "An Act to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863, and has complied with all the provisions of said Act required to be complied with before commencing the business of Banking:

Now, therefore, I, Hugh McCulloch, Comptroller of the Currency, do hereby certify that the said First National Bank of Washington, county of Washington, and District of Columbia, is authorized to commence the business of Banking under the Act aforesaid.

In testimony whereof, witness my hand and seal of office, [L. s.] this 16th day of July, 1863.

HUGH McCULLOCH,
Comptroller of Currency.

The above must be published by each association for sixty days, as directed in Section 10.

F

Circular,

Explaining Mode of Securing the Deposits of Internal Revenue.

TREASURY DEPARTMENT, August 20, 1863.

The Act approved 25th of February, 1863, entitled "An Act to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," authorizes the employment of the National Banking Associations created under it as depositories of the internal revenue. Such employment, however, involves the duty of requiring adequate security for the amounts deposited, and the extent and nature of the security to be required have much occupied my

thoughts. My final conclusion is to ask from the National Banks desiring to receive such deposits to place in the Treasury of the United States six per cent bonds to an amount equal to ten per cent of their capital stock, and to give the bond of the Directors and others to an amount equal to their capital stock as security for the punctual payment of all lawful checks for deposits. On receiving this security I propose to direct the Collector of Internal Revenue to make deposits with the Bank or Banks giving it.

Inasmuch, however, as a number of Banks have been organized, and, as yet, are without circulation, I propose to direct deposits to be made with such, on receiving from them the consent of their respective Boards of Directors that the bonds already deposited as security for circulation may be held also as security for deposits, leaving the additional bonds, as well as the bond of the Directors and others, to be given afterwards at any time before the furnishing of circulation.

Should your Association prefer, instead of giving a joint bond equal to the capital stock, to give separate bonds of Directors and stockholders, each for not less than one-tenth of the capital stock, and equal to it in their aggregate amount, I see no objections to such separate bonds being accepted instead of a joint bond. Each bond, of course, should be accompanied by proof (the affidavit of the maker being usually regarded as sufficient) of the ability of the obligor to satisfy the penalty after payment of all debts.

As some time will yet elapse before circulation can be furnished, I shall gladly receive and willingly consider any suggestions in regard to public deposits and security therefor, and cheerfully modify the conclusions I have arrived at, if good reasons appear for doing so.

It will be understood, that in case the required security be not given before the furnishing of circulation, any deposits which may have been already made will be withdrawn before the circulation is delivered.

(Signed,)

S. P. CHASE,
Secretary of the Treasury.

NOTE.—The form of Bond required from the Banks by the Treasury Department will be prepared shortly by the Secretary of the Treasury, and furnished on application, and will appear in a subsequent edition—together with full instructions as to the mode of receiving and paying deposits. It will be seen from the above Circular that National Banks, as soon as formed, can avail themselves of the privilege of becoming Government Depositories for internal revenue.

GENERAL FORM

By-Laws of National Banks.

By-Laws of the — National Bank, of —, organized under an act of Congress, entitled "An Act to provide a national currency, secured by the pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25th, 1863.

ELECTIONS.

SEC. 1. The regular annual meetings of the stockholders of this Bank, for the election of Directors, shall be held at its banking house, on the second Tuesday of January of each year, between the hours of ten and four of said day. Thirty days' notice of the time and object of which meeting shall be given by the Cashier of this Bank, by publication in [*here insert the name of the newspaper in which the notice is to be published.*]

And it shall be the duty of the Board of Directors, within one month previous to the time of said election, to appoint three stockholders to be judges of said election, who shall hold and conduct the same, and who shall, after the election has been held, certify, under their hands, to the Cashier of this Bank, the result thereof, and the names of the Directors elect.

SEC. 2. The Cashier, upon receiving the certificate of the judges of the election as aforesaid, shall cause the same to be recorded upon the minute book of the Bank, and shall notify the Directors elect of their election, and of the time at which they are required to meet at the banking house of this Bank, for the purpose of organizing a new board. If at the time fixed for the meeting of the Directors elect, there should not be a quorum present, the members present may adjourn, from time to time, until a quorum is obtained.

SEC. 3. If, for any cause, the annual election of Directors should not be held on the second Tuesday of January, the Board shall order the election to be held on some other day, of which special election, notice shall be given, judges appointed, and returns made, and Directors elect notified, according to the requirements and provisions of Section 2 of these By-Laws.

OFFICERS.

SEC. 4. The officers of this Bank shall be a President, Cashier, Teller, Book-keeper, and such other officers as may be from time to time required for the prompt and orderly transaction of its business.

SEC. 5. The President shall hold his office (unless he shall resign, or become disqualified, or be removed) for the current year for which the Board, of which he shall be a member, was elected. In case a vacancy in the Board of Directors or in the office of President shall occur, during any current year, it shall be filled by the Board.

SEC. 6. The Cashier and the subordinate officers shall be appointed to hold their offices respectively during the pleasure of the Board.

SEC. 7. The Cashier of this Bank shall be responsible for all the moneys, funds, and valuables of the Bank, and shall give bond, with security, to be approved by the Board, in the penal sum of — dollars, conditioned for the faithful and honest discharge of the duties as such Cashier, and that he will faithfully apply and account for all such moneys, funds, and valuables, and deliver the same on proper demand to the order of the Board of Directors of this Bank, or to the person or persons authorized to receive them.

SEC. 8. The President of this Bank shall be responsible for all such sums of money and property of every kind as may be entrusted to his care, or placed in his hands by the Board of Directors or by the Cashier, and shall give bond in the penalty of — dollars, with security, to be approved by the Board, conditioned for the faithful discharge of his duties as such President, and that he will faithfully apply and account for all sums of money and other property of the Bank that may come into his hands as such President, and pay over and deliver the same to the order of the Board of Directors, or to any other person or persons authorized to demand and receive the same.

SEC. 9. The Teller shall be responsible for all such sums of money, property, and funds of every description as may, from time to time, be placed in his hands, by the Cashier, or otherwise come into his possession as Teller, and shall give bond, with security to be approved by the Board, in the penalty of — dollars, conditioned

for the honest and faithful discharge of his duties as Teller, and that he will faithfully apply, account for, and pay over all moneys, property, and funds of every description that may come into his hands by virtue of his office as Teller, to the order of the Board of Directors aforesaid, or to such person or persons as may be authorized to demand and receive the same.

SEAL.

SEC. 10. The following is a description of the seal adopted by the Board of this Bank. (*Here insert a description of the seal.*)

CONVEYANCE OF REAL ESTATE.

SEC. 11. All transfers and conveyances of real estate shall be made by the Bank, and under the seal thereof, in accordance with the orders of the Board, and shall be signed by the President or Cashier.

INCREASE OF STOCK.

SEC. 12. Whenever an increase of stock shall be determined upon, in accordance with the provisions of the Articles of Association of this Bank, it shall be the duty of the Board to notify all the stockholders of the same, and to cause a subscription to be opened for such increase of capital. In the increase of capital, each stockholder shall have the privilege of subscribing for such number of shares of the new stock as he may be entitled to subscribe for, according to his existing stock in the bank. If any stockholder should fail to subscribe for the amount of stock to which he may be entitled, the Board of Directors may determine what disposition shall be made of the privilege of subscribing for the unsubscribed stock.

BUSINESS OF THE BANK.

SEC. 13. The bank shall be open for business from — o'clock A. M., to — o'clock P. M., of each day of the year, excepting Sundays, and days recognized by the laws of this State as national and religious holidays. There shall be a standing committee, to be known as the Exchange Committee, consisting of the President, Cashier, and one Director, appointed by the Board every six months, to continue to act until succeeded, who shall have power

to discount bills, notes, and other evidences of debt, and to buy and sell bills of exchange, and who shall, at each regular meeting of the Board, make a report of the bills and notes purchased by them since their last previous report.

MINUTES.

SEC. 14. The Articles of Association of this Bank, and the returns of the judges of the elections, shall be recorded in the minute book, in which shall also be recorded the proceedings of the Board at all regular and special sessions.

The minutes of each meeting shall be signed by the President and attested by the Cashier.

TRANSFERS OF STOCK.

SEC. 15. The stock of this Bank shall be assignable only on the books of this Bank, subject to the restrictions and provisions of the act, and a transfer book shall be kept in which all assignments and transfers of stock shall be made. Transfers of stock shall not be suspended preparatory to a declaration of dividends; and, except in cases of agreement to the contrary expressed in the assignments, dividends shall be paid to the stockholders in whose name the stock shall stand, on the day on which the dividends are declared.

Sec. 16. Certificates of stock signed by the President and Cashier may be issued to stockholders, and the certificate shall state upon the face thereof that the stock is transferable only upon the books of the Bank; and when stock is transferred, the certificates thereof shall be returned to the Bank and cancelled, and new certificates issued.

EXPENSES.

All the current expenses of the Bank shall be paid by the Cashier, who shall, every six months, or oftener, if required to do so, make to the Board a detailed statement thereof.

CONTRACTS.

SEC. 17. All contracts, checks, drafts, etc., shall be signed by the President or Cashier.

EXAMINATIONS.

SEC. 18. There shall be appointed by the Board, every three months, a committee, whose duty it shall be to examine into the affairs of the Bank, to count its cash, and compare its assets and liabilities with the balances on the general ledger, for the purpose of ascertaining whether or not the books are correctly kept, and the condition of the Bank corresponds therewith, and whether or not the Bank is in a sound and solvent condition; the result of which examination shall be reported to the Board at their next regular meeting.

MEETINGS.

SEC. 19. The regular meetings of the Board shall be held on the *[here insert time of meetings.]* Special meetings may be called by the President or Cashier.

QUORUMS.

SEC. 20. Two-thirds of the Directors, including the President, shall be a quorum to do business.

SEC. 21. These By-Laws may be changed or amended by the vote of two-thirds of the Directors.

NOTE.—The foregoing form of By-Laws are submitted to the consideration of the Directors of National Banks. They will, of course, have to be modified to suit the circumstances of different Banks, and the views of different Boards, but are believed to contain, in general, such rules as are required for the management of Banks. The bonds of officers should be drawn according to the tenure of their offices, and should correspond with the terms of their appointment.

Answers of the Comptroller of the Currency

TO

Questions in relation to the National Currency Act.

TREASURY DEPARTMENT.

OFFICE OF COMPTROLLER OF THE CURRENCY,

WASHINGTON, July 14, 1863.

Most of the questions presented to the Comptroller, in regard to the National Currency Act, have been answered in the forms and instructions which have been sent from this office, and by letters to the interrogators. There are a few, however, that can be more conveniently and satisfactorily answered in this form than in any other.

1st Question. Is there any "reasonable doubt" of the constitutionality of this act?

Answer. The constitutionality of the Act of Congress establishing, in time of peace, a United States Bank, with power to locate in the States, branches thereof, having been affirmatively decided by the Supreme Court of the United States, the constitutionality of the National Currency Act is not considered to be an open question.

In *ordinary* times the constitutionality of this Act would hardly be questioned; but in the existing emergency of the Government, engaged, as it is, in a war of gigantic proportions—with specie no longer a circulating medium—with a large internal revenue to be collected in the States and Territories, such a currency as is provided for in this Act is an absolute necessity. To deny to the Government, through such agencies as Congress might create, the power to provide a currency based upon its own resources, would be not only to deny its sovereignty, but its authority to perform properly and safely its acknowledged functions.

(28)

2d Question. What are stockholders of State Banks to gain by discontinuing their present organizations, and organizing under the national law?

Answer. The chief gain will be in a circulation of notes, which cannot long be secured through the agency of State institutions. Legal-tender notes have created a taste and prepared the way for a National Bank Note circulation. These notes, in all sections of the country, have a better credit and are in greater demand than the notes of the strongest banks. Country bankers, notwithstanding the largeness of the issue, find it difficult to supply the call for them, and are frequently under the necessity of ordering them, at considerable expense, from commercial points, to meet the demand that will not be satisfied with anything else. The preference for these notes is not *chiefly* to be attributed to the fact that they are a "legal tender," but to the fact that they are *Government money*, and must be good, if the Government is good. I do not say that their general credit is not, *in a measure*, owing to the fact that they are declared to be "lawful money," or that it was not necessary to make them so, to place them beyond the influences that might, at the time, have been combined to depreciate them; but I *do* say, that the people, who control the currency, as they do the legislation of the country, prefer legal tenders to bank notes, because they are Government issues, are receivable for Government dues, and must, every dollar of them, be redeemed, if the Government is maintained.

The National Bank Note circulation is intended gradually to take the place of the direct issues of the Government. It is not expected that it will, at once, have the credit that has been attained by the "legal tenders," nor that the notes of the National Associations, scattered from Maine to California, will be of absolutely uniform value throughout the Union; but it is expected that these notes, sustained by the credit and secured by the resources of the nation, receivable for all public dues, except duties upon imports, and in payment of all claims against the Government, and, in case of the failure of the Banks, to be redeemed at the Treasury of the United States, will challenge, to a greater degree, the public confidence, and possess more uniformity of value than can be attained by the issues of the best managed State institutions. I will go further than this: through the instrumentality of Clearing Houses,

or Redeeming Agencies, which, in due time, may become a necessary feature of the system, the notes of the National Banks, wherever situated, will be as nearly of uniform value throughout the Union as the commercial interests of the country will require.

There will not be, in my judgment, for any considerable time, two systems of corporate banking (one State and the other National) in the United States; not that there is a necessary antagonism between the two systems, but because both will not be equally acceptable to the people and equally profitable to the banker. One or the other will fully occupy the field; and, aside from the manner in which the National system is being regarded by the people, and the rapidity with which National Associations are being formed, it requires no spirit of prophecy to predict which of the two is destined to give way. The losses which the people have sustained by Bank failures; the inadequate protection which State legislation, with rare exceptions, has given to the bill holders; the fact that the good credit of the issues of the strongest and best conducted State Banks, outside of the States, or the section where they exist, is not the result of public confidence in their solvency, but of the influence of bankers and money dealers, who can as easily depress that credit as they can sustain it, and who do not unfrequently depress or sustain it, as suits their own interests or convenience alone; that all the credit that State Banks have at a distance from home, is artificial and unreliable; all these things have given rise to a wide-spread dissatisfaction with the existing bank note circulation, and created a popular desire for a circulation, of whose solvency there can be no question, and whose credit will not be at the mercy of bank note brokers.

The Government of the United States is not to be overthrown by the attempted secession of the Southern States, and the war in which it is engaged. On the contrary, it will be vastly strengthened by the severe ordeal to which it is being subjected—strengthened by the evidence, which is every day being exhibited, of its inherent power, and the conviction that is constantly spreading and deepening in the minds of the people, that their personal destinies are identified with it—strengthened by the very debt that it is contracting, and the evidences of value that are to be based upon this debt.

Banks whose issues are secured by the Government, and which are to become the financial agents of the Government, will, in my opinion, ere long, be the only ones that will be tolerated by the people; and if the Banks of the older and richer States continue, as they have done, and are now to a large extent doing, to furnish the newer and less wealthy States with a bank note circulation, they will have to do it through the agency of National Banks. In availing themselves of the privileges of the National Currency Act, for loaning their capital and credit to the people of the new States, they will have the satisfaction of knowing that while adding to their own wealth, they are strengthening the Government, and creating a powerful influence against repudiation, by aiding in furnishing to the people a circulation, secured by the stocks, and representing the unity of the nation.

Aside from the matter of circulation the National Currency Act is as favorable to bankers as the banking laws of most of the States. Should it prove to be too stringent, it is safe to expect that such amendments will be made to it as will accommodate it to the reasonable requirements of capitalists, and the wants of a great and growing nation.

Question. Will State Banks be furnished with the national circulation, according to the provisions of the 63d section of the Act?

Answer. This section is a part of the law, and must be obeyed. I have hoped, however, that very few Banks would claim the advantages of it. The engrafting upon a national system of banking of a provision that to some extent *denationalizes* it, was, in my opinion, a great mistake. Nor can I understand how State Banks, without the aid of State legislation, can avail themselves of the provisions of this section without violating their charters, or the laws under which they are incorporated. But if enabling acts, authorizing State Banks to circulate the National Currency, have been or should be passed by the Legislatures of the proper States, I should still regret being compelled to furnish this currency to institutions over which the Government can exercise no supervision or control. I trust that few Banks will deposit bonds and claim circulation under the 62d section, but that the stockholders of solvent banks, who desire to connect themselves with the system, will do so, by availing themselves of the privileges of the 61st section,

or, what would be better still, by winding up their present State institutions, and organizing new Associations, independent of the old ones. The intention of the law was, to provide a national circulation through the agency of National Banks, which should be subject to Government supervision and control. Nothing would be more sure to destroy the symmetry of the system, or be more likely to bring it into disrepute, than a distribution among the banking institutions of the States, ("good, bad, and indifferent,") of the national currency. I must, however obey the law, and unless prevented from doing so, by a judicial decision or an authoritative opinion, I shall furnish circulation under the section referred to as soon as it can be provided. As notes will be first supplied to Associations organized under the Act, it is not likely that State Banks can be supplied, to any considerable extent, before the early part of the next year.

Question. Is it expected that State Banks that may become National Associations under the 61st section of the act will give up their present corporate names?

Answer. Before I entered upon the discharge of my duties as Comptroller of the Currency, the Secretary of the Treasury, after much consideration, had come to the conclusion, as a National Currency was to be provided through the instrumentality of National Banking Associations, that all such associations should have a common name. Persons forming associations under the Act have, therefore, been advised to take the names of First, Second, Third, &c., National Banks of the places in which they are established, according to the order of organization. This rule is expected to be observed by State Banks that may be converted into National Banks under the 61st section of the Act, as well as by original associations.

If, in their new organizations, they desire to retain, in some way their former corporate names, it must be done in such manner as will not interfere with the symmetry of the circulation which is to be furnished to them, nor render illegal their acts as National Associations. All who connect themselves with this system have a common interest in making it symmetrical and harmonious, as well as national. The retention by State Banks of their present corporate names, some of them long and differing from others only in locality, would prevent this, and interfere with the unifor-

mity which it is desirable to maintain in the national circulation. I know with what tenacity and pride the managers of old and well conducted Banks cling to the names which their ability and integrity have done so much to make honorable; but I would suggest to them that it will be an easy matter for them to transfer to National Institutions the credit which they and their predecessors have given to State Institutions; that it is not the name of a Bank, but the character of the men who conduct its affairs, and the character of its securities, that give to it the confidence of the public.

The Merchants' Bank of Boston will not lose a particle of credit by becoming the First National Bank of Boston; on the contrary, its credit will be improved by it. Nor would the stock of the Chemical Bank of New York be a whit the less valuable, nor would its reputation be in the slightest degree lessened, by its becoming the tenth or the fiftieth National Bank of New York.

H. McCULLOCH,

Comptroller.

NOTES.

The United States Bonds held by the National Banks, and that part of their capital invested in these Bonds, are, it is understood, exempt from national and State taxation. For the amount of national tax to which they will be subject on their circulation, and on their profits, and for license, reference is made to the laws of Congress relating to the internal revenue.

The 19th section of the Act, as far as the amount of taxation is regarded, is superseded by the 7th section of an Act to provide ways and means for the support of the Government, approved March 3d, 1863.

Circulating notes of the highest style of engraving, and printed on the best quality of paper, will be furnished to the National Banks, at the expense of the Government, under the provisions of the Act, at the earliest day practicable, and in the order in which the Banks are organized. The notes will first be supplied to the associations organized under the act; and inasmuch as serious doubts seem to be entertained in regard to the power of Congress to enlarge or increase the privileges of corporations created by State authority, it may be deemed best to have these doubts removed by the opinion of the Attorney General, or the decision of a competent Court, before the National Currency is furnished to existing State Banks, under the 62d section of the Act.

It is important that organization or preliminary certificates of the association should be carefully prepared and executed; that the names of stockholders should be written in full, and that there should be no erasures or interlineations therein. It will be borne in mind that these certificates are not *subscription papers*, and

while the parties to them must sign them with their own hands, and acknowledge them in person, it is not necessary, nor exactly proper, for them to enter their own names in their own hands in the 4th article.

The right of a partner to seal and acknowledge for a co-partner is, at least questionable. It is therefore important, if partners unite in the preliminary certificate for the organization of a National Bank, that they should sign, seal and acknowledge the same individually, and not as co-partners. It is also desirable that the same rule should be observed in the Articles of Association.

Before *circulating notes* will be delivered to any Bank organized under the National General Banking Law, the Comptroller must have satisfactory evidence, by the report of an examiner, or otherwise—

1st. That the Bank is located in some city, town, or village which is easily accessible, and not in some out of the way, inaccessible place, selected for the purpose of making the return of its notes difficult or expensive.

2d. That the Bank is provided with a suitable banking room or banking rooms, unconnected with any other business, and also with a vault, or safe, for the safe keeping of its funds.

3d. That the Bank has procured such books as may be required for the transaction of a regular banking business, one of said books to be a record or minute book, in which shall have been recorded its Articles of Association, copies of which shall have been forwarded to this Department, and in which the proceedings of the Board of Directors shall be entered and preserved.

4th. That the Bank shall have adopted By-Laws for the management of its business, approved by the Comptroller.

5th. That the amount of its capital stock required to be paid in, has been so paid, and that the same remains in Bank, in cash,

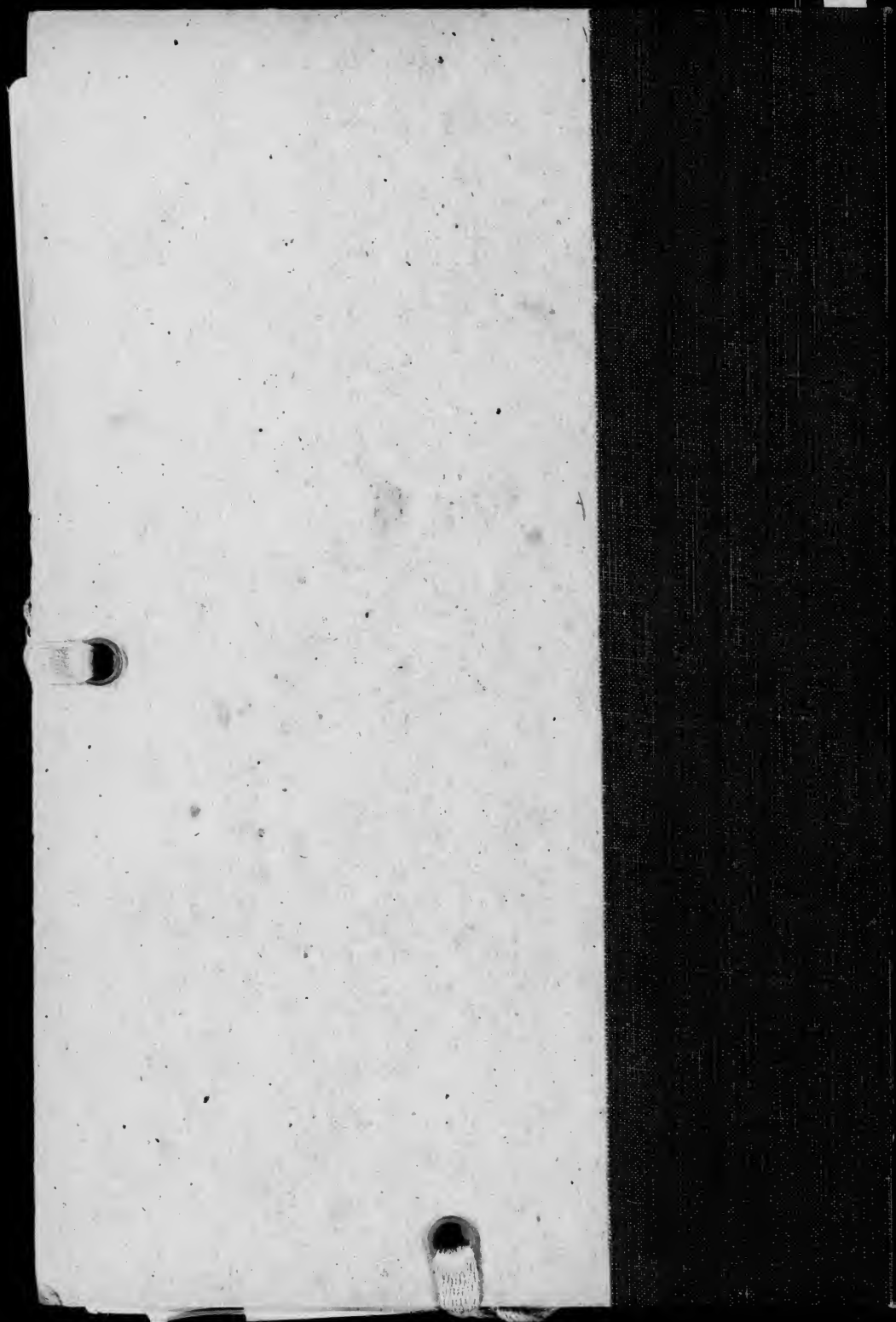
or with some safe depositary, subject to sight check, or has been invested in United States bonds, or in some other satisfactory manner.

6th. That the Bank has in its employment competent officers for the transaction of its business, that its Directors are men of fair standing, and that the Bank has been organized to carry on legitimate banking.

The Comptroller will afford every aid and encouragement in his power to Banks organized for the purpose of carrying into effect the spirit and intention of the law, but will discountenance and prevent, as far as practicable, all attempts to pervert the law from its proper object, by establishing Banks upon fictitious capital, which, by their inability to meet promptly their engagements, may, at any time, bring the system into disrepute.

Under the late act of Congress, all communications addressed to the Comptroller's Department must be prepaid.

NEH MAR 16 1995



**END OF
TITLE**